



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155

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RECEIVED

AUG 23 2001

DIVISION OF
OIL, GAS AND MINING

AUG 21 2001

IN REPLY REFER TO:
3592.1(e)
(UT-920)
UTU-072699

CERTIFIED MAIL—Return Receipt Requested

LEXCO, Inc.
c/o Mr. James M. Lekas
P.O. Box 1198
Vernal, Utah 84078

Re: **Minor Modification** of the Mining Plan for the
LEXCO, Cottonwood Mine, Federal gilsonite Lease UTU-072699

Dear Mr. Lekas:

This letter is in response to your request hand delivered on 26 April, 2001, to conduct an exploration program on lease UTU-072699. This request includes a drilling plan to establish the vein location, thickness and ore grade prior to future mining planning:

1. Drilling of 13 (thirteen) angle holes (Holes B-1, B-3, B-5 and B-7 through B-16), 2 7/8 - 3 inches in diameter.
2. Drilling of 3 (three) vertical holes (Holes B-2, B-4 and B-6), 2 7/8 - 3 inches in diameter.

National Environmental Policy Act (NEPA):

An analysis under NEPA was conducted and an Environmental Analysis was prepared with a finding of no significant impacts which was signed on July 17, 2001.

BOND:

There will be no bond adjustment at this time for this action. BLM has an individual lease bond in the amount of \$24,000 which includes reclamation, rentals and royalties for this property.

BLM APPROVAL: BLM approves the drilling plan submitted by LEXCO, Inc. as per 43 CFR 3592.1 (e), (enclosure

1) to further define the ore reserves on the Federal lease UTU-072699.

BLM would like to note that this approval (exploration drilling in enclosure 1) is limited to the sites specified in the approval. Should you anticipate the need to conduct further surface-disturbing activities, submit details of your plans to the Utah State Office as per 43 CFR 3592.1(e) in sufficient time (30 working days) to allow the conduct of the appropriate NEPA compliance and the evaluation of the lease bond.

With the information obtained from this exploration, LEXCO shall update its mining plan that is on file with the Utah State Office, of BLM.

CONDITIONS OF APPROVAL:

1. As per 43 CFR 3593.1 (b), if any drilling encounters ground water, the lessee shall contact the Utah State Office, Division of Natural Resources, Mining Engineer at (801-539-4036) within 24 hours, reporting the location of the drilling, drilling direction, hole angle, depth encountered, and the fact the plugging method below will be utilized. The method of plugging holes which encounter water, as well as those which are dry, as contained in State of Utah, Department of Natural Resources, Division of Oil, Gas, and Mining, Rule R647-3-108. Flowing water will be sampled and analyzed as shown in enclosure 2 (provided by the Utah State Department of Environmental Quality, Division of Water Quality to BLM on May 2, 1995) by the lessee and the results filed with the Vernal District hydrologist and the BLM Utah State Office, Division of Natural Resources. This filing must be accomplished within 30 days of encountering the water.

2. A minimum of 1 working day before exploration commences, the lessee shall contact Mr. Pete Sokoloski (801-781-4400) at the Vernal BLM Office.

3. The lessee shall submit to the AO (Utah State Office) a signed copy of all records of test holes on the lease 30 days after completion of the drilling project. This shall include but not be limited to the following:

- 1) Lithology (drill log)
- 2) Ore intercepts (Top and Bottom)
- 3) Other in-hole surveys
- 4) Surface drilling location (GPS location)
- 5) Angle of drill hole
- 6) Softening Point of the ore if analyzed
- 7) Unusual conditions encountered during drilling.

4. The lessee will control noxious weeds on and along the proposed access roads and locations of supplemental drilling. The lessee shall contact the Vernal Field Office upon discovery of any noxious weeds. The lessee's method of control will be submitted in writing and approved by the Vernal Field Office prior to the initiation of the plan. On BLM administered lands, it is required that a Pesticide Use Proposal (PUP) be submitted and approved prior to the application of herbicides or other pesticides.

UTAH NOXIOUS WEEDS The Utah State Commissioner of Agriculture has officially designated 18 species listed below as noxious in the State of Utah at the present time. This list may change at any time.

COMMON NAME

Bermudagrass
Field Bindweed
Broad-leaved Pepperweed
Canada Thistle
Diffuse Knapweed

SCIENTIFIC NAME

Cynodon dactylon (L.) Pers.
Convolvulus spp. (Wild Morning-glory)
Lepidium latifolium L. (Tall Whitetop)
Cirsium arvense (L.) Scop.
Centaurea diffusa Lam.

Dyers Woad
Perennial Sorghum spp.

Leafy Spurge

Musk Thistle
Quackgrass
Russian Knapweed
Scotch Thistle
Spotted Knapweed
Squarrose Knapweed
Whitetop
Yellow Starthistle
Purple loosestrife

Isatis tinctoria L.
including but not limited to Johnson Grass (*Sorghum halepense* (L.) Pers. and *Sorghum almum* (*Sorghum almum*, Parodi)

Euphorbia esula L. Medusahead *Taeniatherum caput-medusae* (L.) Nevski

Carduus nutans L.
Agropyron repens (L.) Beauv.
Centaurea repens (L.)
Onopordium acanthium L. (Cotton Thistle)
Centaurea maculosa Lam.
Centaurea squarrosa Roth
Cardaria spp.
Centaurea solstitialis L.
Lythrum salicaria

For further information the Noxious Weed field Guide for Utah is enclosed (enclosure 3) for your use. CAUTION, the maps in the book may not be accurate.

5. Cross-country travel shall be confined to a single two track route of travel, and the route shall be directed as practically as possible, to avoid impacting existing vegetation and keeping the number of vehicles to a minimum.

6. Drill holes will be plugged in accordance with the Utah State Division of Oil, Gas and Mining Rule R647-3-108.

ADVISORY NOTICE:

1. The lessee is directed to review the lease stipulations for additional requirements that are made part of Federal Gilsonite lease UTU-072699.

2. You may need approval from the Division of Oil, Gas and Mining for this work.

If you have any questions, please contact Mr. Stan Perkes, at (801) 539-4036.

Sincerely,

/s/ Roger Zortman

Roger Zortman
DSD, Lands and Minerals

Enclosures

1. Drilling Plan
2. Water Measurement Chart
3. Noxious Weed Field Guide for Utah

cc: Tony Gallegos, Utah Division of Oil, Gas and Mining
bcc: Vernal Field Office
File - UTU-072699
Solid Chron